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## **BACKGROUND: TRANSMISSION SYSTEM**

### **Report Highlights**

- Provide open, non-discriminatory access to Ontario's transmission system. An independent System Operator dispatches power into the transmission system to meet the total provincial demand, and determines which generators will run.
- Move responsibility for maintaining and managing Ontario Hydro's high-voltage transmission assets to an independent "Transmission Grid Company".
- Maintain "postage stamp" rates for consumers -- which means they pay the same rate for transmission charges regardless of where they live in the province.

### **Existing System**

Ontario Hydro owns and operates most of the province's high-voltage transmission grid. Ontario Hydro Retail and municipal utilities own and operate local distribution wires. A generation company that wishes to sell its electricity to a customer must build its own transmission lines or seek permission to use Ontario Hydro's system. Ontario Hydro does not allow access to its transmission system. There is no effective regulation of Ontario Hydro's transmission system.

### **Reasons for Change**

Since transmission lines are expensive to build and disrupt the environment, it is not in the public interest to have more than one transmission line servicing an area. The transmission system could be owned by more than one company, each serving different areas.

In a competitive market, any generator from Ontario or outside the province must have access to the transmission system to move electricity. Suppliers would obtain access through the System Operator.

Customers would continue to pay "postage stamp" rates, which means they are assessed the same service charge for transmission, regardless of location.

Since transmission lines have limits on the amount of power they can carry, generators that locate new facilities close to customers would pay less; those locating in areas where there is a surplus of electricity would pay more.

Because transmission is a natural monopoly, the Ontario Energy Board would provide regulatory supervision (with appropriate incentives for efficient operation), to approve transmission tariffs, set service quality standards, respond to complaints, perform audits, and require regular filing of information.



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